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Held at Headquarters, New York, on Monday, 12 July 2010, at 3 p.m.

President: Mr. Cujba (Vice President) (Republic of Moldova)

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In the absence of Mr. Ali (Malaysia), Mr. Cujba (Republic of Moldova), Vice-President, took the Chair.

The meeting was called to order at 3.10 p.m.

Operational activities of the United Nations for international development cooperation (*continued*) (E/2010/52, E/2010/53, E/2010/70 and E/2010/76-A/65/79)

(a) Follow-up to policy recommendations of the General Assembly and the Council (E/2010/3-A/64/578) (*continued*)

(b) Reports of the Executive Boards of the United Nations Development Programme/United Nations Population Fund, the United Nations Children's Fund and the World Food Programme (*continued*) (E/2009/35; E/2010/5, E/2010/6, E/2010/14, E/2010/34 (Part I), E/2010/34 (Part I)/Add.1 and E/2010/36; E/2010/L.7)

Panel discussion on the topic "Funding of United Nations operational activities for development: challenges and best practices at the country level"

1. **The President** said that the panel on the topic "Funding of United Nations operational activities for development: challenges and best practices at the country level" would provide an opportunity to understand the repercussions of the current United Nations funding architecture at country level, including a genuine assessment of innovative funding modalities from the perspective of programme countries.

2. *A panel discussion on the topic "Funding of United Nations operational activities for development: challenges and best practices at the country level" was held. The panel was moderated by Mr. Román Marchesi, Deputy Permanent Representative of Spain. The moderator made a statement and introduced the panellists: Mr. Ahmed Shide (Ethiopia), State Minister of Finance and Economic Development; Mr. Servacius Likwelile (United Republic of Tanzania), Deputy Permanent Secretary for Public Finance Management; Mr. Willie Samute (Malawi), Principal Secretary for Public Sector Reform in the Office of the President and Cabinet; and Mr. Nicholas Alipui, Director, Programme Division of UNICEF. The panellists made presentations. An interactive dialogue ensued, in which the delegations of Viet Nam, the Republic of Korea, Brazil, Belgium and Canada participated. The panellists responded to questions posed and comments made. The moderator made concluding remarks and closed the panel discussion.*

General debate

3. **Mr. Alsaidi** (Observer for Yemen), speaking on behalf of the Group of 77 and China, said that the Group welcomed the adoption of General Assembly resolution 64/289 on system-wide coherence, providing for a comprehensive review of the current status of United Nations operational activities for development, which must remain universal and voluntary, with an emphasis on neutrality and multilateralism, and be able to respond flexibly to countries' development needs. Such activities should be carried out for the benefit of the recipient countries, at their request and in accordance with their development policies and priorities.

4. There was a need for continued improvement in the United Nations system's effectiveness, efficiency, coherence and impact, along with a significant increase in resources. The Group of 77 welcomed the positive trends in the levels of contributions received by the United Nations system in 2008, which had risen by 10 per cent in real terms from the previous year, reaching a record $22.2 billion. However, the imbalance between core and non-core funding persisted, with core resources representing less than one third of total contributions. That was a major cause of incoherence in the development system, including at the country level, and had led to distorted and uneven approaches in the implementation of development programmes that corresponded with national development goals. The implementation of Assembly resolution 62/208 must include a broader and more expeditious realization of the global partnership for development, as called for in the outcomes of major United Nations conferences in the economic, social and related fields.

5. The Group of 77 and China wished to emphasize the need for a strengthened global partnership for development, based on the recognition of national leadership and ownership of development strategies, which should serve as a guiding principle for United Nations operational activities at the country level. Partners should provide support for the realization of the goals of national development strategies. The entire United Nations system, as well as the Bretton Woods

institutions and bilateral donors, should recognize the ownership of projects by the developing countries concerned, align their cooperation programmes with the national development strategies and harmonize their individual cooperation programmes so as to optimize their contribution.

6. The Group of 77 reiterated the call of the 2009 Nairobi High-level United Nations Conference on South-South Cooperation for United Nations funds, programmes and agencies to mainstream support for South-South and triangular cooperation, help developing countries at their request and subject their ownership and leadership, and develop capacities to maximize the benefits of such cooperation. The Group strongly believed that the United Nations had an important role to play in supporting South-South cooperation, so that developing countries could participate effectively in the world economy and enjoy a fair share of the benefits of globalization. South-South cooperation should be seen as a complement to and not a substitute for the traditional modalities of international cooperation. Developing countries encountered significant difficulties in generating the resources and human capital necessary for such cooperation in a very complicated international economic and financial environment, given that the main consequences of the current economic crisis were most heavily felt in the countries of the South. Such cooperation should be explicitly incorporated into the operational programmes of all relevant bodies of the United Nations system, with coordination on the most effective way to support South-South cooperation.

7. The Group welcomed the recent initiatives undertaken by various United Nations bodies to establish new units and work programmes to support and promote South-South cooperation and called on the United Nations funds, programmes and specialized agencies to continue to enhance the capacities of developing countries to develop and formulate development cooperation programmes, strengthen the capacities of regional and subregional organizations and conduct research aimed at identifying promising areas for South-South and triangular cooperation. The regional commissions should also play a catalytic role in promoting such cooperation by strengthening their technical, policy and research support for countries in their regions.

8. The resources of the development pillar of the United Nations system should be expanded in order to maintain a strong presence in as many developing countries as possible, including middle-income ones, and foster an agile network of resident coordinators capable of providing direct support to South-South and triangular projects, making more extensive use of institutional capacities, public policies, procurement and other experience in developing countries that could prove effective in other developing countries. United Nations country offices should be encouraged to liaise with each other directly so as to support plurinational projects in various configurations.

9. The Group welcomed efforts to establish a central repository of information on the funding of operational activities, which was currently being handled by the Department of Economic and Social Affairs and the High-level Committee on Management of the Chief Executives Board for Coordination. The establishment of a framework to monitor all data related to non-core contributions, including thematic trust funds, should be considered a key mandate of the repository. The outcome of the Council's operational segment should also serve to improve the effectiveness of the United Nations system's response to the needs of developing countries and to guide the system in the full implementation of the resolutions on operational activities for development. Progress in achieving the United Nations development agenda required full implementation of General Assembly resolution 62/208 on the triennial comprehensive policy review and resolution 64/289 on system-wide coherence, so as to respond more broadly and effectively to the priorities of developing countries in support of their efforts to achieve the internationally agreed development goals.

10. **Mr. Grauls** (Belgium), speaking on behalf of the European Union; the candidate countries Croatia, the former Yugoslav Republic of Macedonia and Turkey; the stabilization and association process countries and potential candidate countries Albania and Montenegro; and in addition, Georgia, the Republic of Moldova and Ukraine, said that, while provision of assistance to developing countries was not an exclusive activity of the United Nations, its operational activities did constitute about $22 billion, the equivalent of 18 per cent of the total official development assistance provided in recent years by the Development Assistance Committee of the Organization for Economic Cooperation and Development. Although those resources flowed through a fragmented system with heavy administrative and financial burdens, the

European Union supported United Nations operational activities because they complemented vital functions in a way no other actor could.

11. Although funding for the United Nations system during the past 10 years compared very favourably to that of the preceding decade, the steady growth would not be sustainable in the immediate future owing to budgetary constraints. In addition, the results and effectiveness of both bilateral and multilateral donor programmes would be receiving closer scrutiny. The bulk of the recent growth in resources had been concentrated in the non-core category for a number of reasons, including the possibility of Government cost-sharing by partner countries and an increasing flow of inter-organizational transfers, particularly multi-donor trust funds. Furthermore, the domestic policies of donor countries had determined funding for specific development objectives.

12. The European Union recognized that some viewed non-core contributions as eroding the priorities set by programme countries and it shared the concern that such resources increased transaction costs. However, non-core resources in most cases provided additional support that would not otherwise have been channelled to the United Nations system.

13. The core funding for the three major funds and programmes of the system was still provided almost exclusively by Development Assistance Committee countries. He questioned if that unequal burden was appropriate when those countries' share in the world economy was decreasing. In addition, a number of often small European countries provided major parts of United Nations operational resources for development. That funding base should be broadened as part of the effort to ensure more stable and predictable resources.

14. The report of the High-level Panel on System-wide Coherence was the beginning of a process to address the pressing need for efficiency in United Nations operational activities. In addition, progress at the country level had advanced in the past year. The eight pilot countries of the "Delivering as One" initiative had already adjusted the way the system operated nationally. He called for a response to the growing number of programme countries that had made appeals to follow the same approach. While the new entity on gender was a breakthrough towards women's equality, it was also a quantum leap in improving efficiency by merging four institutions in the United Nations system. The declarations of the recent conferences on "Delivering as one" in Kigali and Hanoi respectively provided a clear indication of progress at the country level. Improvements were still needed at the Headquarters level.

15. The European Union was committed to multilateral approaches and appreciated efforts to strengthen results-based management and reporting on operational activities. Efficiency was becoming increasingly important in view of the economic crisis and a resource-constrained environment, but the United Nations system nevertheless had the capacity to contribute to development and to meet new challenges.

16. **Mr. Piminov** (Russian Federation) said that his delegation was generally pleased with the implementation of General Assembly resolution 64/289, on system-wide coherence of operational activities for development. The main principles governing such activities were neutrality and universality, their non-political, voluntary and grant nature, and recognition of the leadership and responsibility of the programme countries themselves for determining their strategies for development. United Nations agencies as well as donor and receiving countries needed to display flexibility in setting the parameters of their cooperation, bearing in mind the specific conditions and priorities of the beneficiary countries.

17. His delegation called for greater predictability and long-term stability in financing for development, with reduced conditionality. Innovative forms of financing should complement traditional funding. Reductions in core resources for development tended to hamper the ability of United Nations entities to react adequately to the needs of developing countries, although balance between core and non-core funding should not be seen as a goal in itself and was probably impossible.

18. Certain advances had been achieved in implementing Assembly resolution 64/289. He cited, in particular, the establishment of the new entity on gender issues, which should be fully accountable to Member States through the Economic and Social Council, as well as the new procedures for adopting common country programmes through the executive boards of programmes and funds. His delegation urged a careful and objective approach to the independent evaluation of the "delivering as one" pilot.

19. The adoption of resolution 64/289 served to complete the consultation process on reform begun in 2006, and further reform work should take place in the context of the four-year comprehensive policy reviews of operational activities. Similarly, further strengthening of the Resident Coordinator system required a careful and pragmatic approach aimed at increasing transparency and accountability. He hoped that future annual reports on the subject would be more informative and more analytical.

20. **Mr. Wang** Min (China) said that his delegation commended the actions taken by the United Nations system in support of the comprehensive policy review of operational activities for development and system-wide coherence. However, reform was not a short-term process. In view of the increasingly severe global challenges, he hoped that the upcoming High-level Meeting on the Millennium Development Goals would galvanize new, feasible action plans for long-term sustainable development.

21. Adequate and predictable core funding was the foundation of operational activities and the guarantee of national ownership. His delegation welcomed the counter-cyclical measures taken by some donor countries to maintain their funding for United Nations agencies, including an experimental "full core" funding policy, in response to the downward trend in the past year, which had eroded the multilateral and neutral nature of operational activities. He called on all donor countries to implement the Monterrey Consensus on Financing for Development based on their particular capacity, in order to lessen the over-reliance on a handful of donor countries for funds. The effectiveness of development assistance depended on national ownership of aid, including the alignment of programmes with national development strategies. In that sense, United Nations agencies must tailor their assistance to each country's particular needs rather than imposing a "one size fits all" approach, and resident coordinators should work under recipient Governments to improve results, using local expertise and technology.

22. Capacity-building was the key to long-term sustainable development and should also be a priority area of operational activities. While the United Nations system had found success in that area in recent years, improvement was greatly needed in terms of policy coherence and resource support. In addition, policy and financial support should be provided for South-South cooperation, which had made significant contributions to mainstreaming capacity-building. His delegation hoped to see better reporting on South-South cooperation and capacity-building provided by United Nations agencies, including results analysis, in the Secretary-General's report the following year.

23. **Ms. Dunlop** (Brazil) said that the focus on gender equality in the high-level segment had been timely, as it coincided with the creation of UN Women, the entity which would raise the profile of United Nations activities to promote women's rights. UN Women was based on the premise that both rich and poor countries needed support in achieving gender equality, and was distinct in that its Executive Board would oversee its operational activities. While respecting the distribution of the regional groups, its innovative structure recognized the importance of voluntary contributions to ensure predictable funding of the new entity.

24. The role of the Council in overseeing operational activities had been strengthened by General Assembly resolution 64/289. The Council had a clear mandate to enhance the coherence of the United Nations system, facilitate the involvement of developing countries and improve communication between Member States and United Nations coordinating mechanisms, such as the Chief Executives Board for Coordination. The Council was also responsible for establishing a repository of information on operational activities. Furthermore, the Council would develop the concept of "critical mass" in the context of funding and enhance the legitimacy of multi-donor and thematic trust funds by improving the participation of Member States in their governance. Funding of United Nations operational activities must be free from conditionalities and respect national ownership and leadership. Developing national capacity should always be the ultimate objective.

25. The implementation of the quadrennial comprehensive policy review with the engagement of developing countries was essential to strengthening operational activities for development. While her delegation welcomed the central role of the resident coordinator system, it felt that recipient Governments should have equal participation in project formulation and implementation. A stronger resident coordinator system, including a network for communication among coordinators, could facilitate South-South initiatives.

26. With the deadline for the MDGs in sight, operational activities needed to be expanded and refocused. The Council would be providing guidance in that process and in promoting coherence among all actors. Brazil would remain committed to implementing the resolutions on system-wide coherence and the comprehensive policy review.

27. **Mr. Poretti** (Observer for Switzerland) said that Switzerland welcomed the progress made in implementing General Assembly resolution 62/208. The annex to the Secretary-General's progress report (E/2010/70) served as a valuable instrument for follow-up but limited itself, unfortunately, to listing areas in which progress had been made, while offering no explanation for the lack of progress in other areas. On the positive side, his delegation welcomed the improvements made in the United Nations Development Assistance Framework (UNDAF) procedures, which favoured joint programming and would enable further development of synergies at the operational level, and the possibility for country teams to develop a joint action plan for implementing the country frameworks, replacing agency-specific action plans for implementing country programmes.

28. His delegation also welcomed the new guide published by the United Nations Development Group (UNDG), presenting a standard operational format for reports to the national authorities on the results achieved in implementing the Development Assistance Frameworks and strengthening strategic management throughout the programming cycle and mutual accountability with regard to development results. It would be of interest to know what measures had been taken, or were to be taken, by the various agencies to rationalize the procedures for communicating information on results. Excessive investment of the country teams' resources in communicating the information to their headquarters could thus be avoided.

29. Regarding measures to be taken, his delegation recommended that the United Nations development system should devote more attention to strengthening national capacities: Switzerland welcomed the integration of the evaluation of national capacities into the UNDAF procedures and encouraged the United Nations to carry out a rigorous assessment of the risks and opportunities associated with the management capacities of the main implementing partners, not only during the analytical phase but also during the programming cycle, and adapt its operational modalities accordingly. Programme countries should be supported, upon their request, in their efforts to strengthen their capacities, especially where State structures had been weakened by conflicts or natural disasters. Similarly, the monitoring and evaluation capacities of the United Nations operational system should be strengthened.

30. As the Secretary-General's report indicated, country teams lacked monitoring and evaluation capacity to improve the impact of their activities and their reporting on results. Furthermore, greater institutional mobility would help to optimize existing capacities and improve the quality of programmes. Much remained to be done, particularly in crisis or post-crisis situations, to overcome the obstacles to mobility and rapid personnel redeployment. It would be interesting to know whether the Inter-Organization Mobility Accord was being implemented, how many agencies had signed the Accord and what challenges existed in its application. The approach to reform should be pragmatic and realistic, as reform was not an aim in itself but a means to improve operational activities.

31. **Mr. Sardjana** (Observer for Indonesia) said that no "one size fits all" approach could resolve a particular country's challenges, and close coordination at all levels was the way to meet national development objectives. As a neutral and trusted partner for both programme countries and donor countries, the United Nations system made an important contribution to development efforts. While there had been efforts to streamline the Organization's operational activities, including the triennial comprehensive policy review, there was a need to make them more effective. Support for national priorities must continue to drive the Economic and Social Council's policy guidance on issues related to operational activities.

32. Strengthening the role of the United Nations system required a significant increase in continuous and predictable resources. Core resources were the bedrock of operational activities for development. For its part, the United Nations should continue to support South-South cooperation.

33. The new challenges in sustaining progress towards the MDGs, in view of the negative state of the global economy, were also applicable to middle-income countries. Such setbacks were often masked, as

per capita income, a key indicator for determining poverty reduction, did not reflect the vulnerabilities of middle-income countries. Continued support for those countries was necessary for them to remain in the middle-income category. Capacity-building support in particular contributed to national ownership of development programmes, which in turn consolidated national expertise and ensured sustainability when support was terminated. Furthermore, capacity-building could foster domestic investment and enhanced productive capital flows in middle-income countries.

34. His delegation stressed that, as a global partnership, United Nations operational activities should also depend on the exchange of experiences with other international and regional organizations and financial institutions.

35. **Ms. Prorok** (Ukraine) said that her Government welcomed the progress made in implementing the resolution on the triennial comprehensive policy review of United Nations operational activities. It was encouraging to see more countries adopting the "delivering as one" approach, as it increased the efficiency of the United Nations system. The steps taken to advance the United Nations Development Assistance Framework had also helped to improve system-wide harmonization. In addition, her delegation welcomed the reform measures aimed at strengthening field presence and leadership capacities, including in the area of administration. However, more could be done to strengthen the resident coordinator system, harmonize business practices and increase human resources capacity at the country level.

36. As a programme country, Ukraine called for support that was more focused on national development priorities. In that sense, the efforts to renew the Development Assistance Framework would contribute to the United Nations effectiveness at the country level. Her Government welcomed the one-year extension of country programmes managed by the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP), which would place activities for the period 2012-2016 further in line with Ukraine's national goals. The cooperation with UNDP was very important to the Government's efforts to reduce poverty, develop renewable energy sources and protect the environment. UNDP's country office had demonstrated commendable collaborative skills in its work with the Government. Similarly, the increasing involvement of UNICEF had supported national efforts to improve child health and combat HIV/AIDS.

37. **Mr. Sergeev** (Observer for Belarus) said that, given the real danger that the MDGs would not be achieved by many countries by 2015, the operational activities of the United Nations were more significant than ever, which necessitated additional efforts on the part of the United Nations system to increase the resources available for development and broaden the donor and partnership base. The increase in the proportion of non-core resources had led to fragmentation in financing and a decrease in predictability. His delegation welcomed the efforts of some donors, in particular the European Union, to increase their contributions to financing for development, but the donor system needed to be rethought to make it less selective and more transparent and accountable.

38. Belarus welcomed the adoption of the General Assembly resolution on system-wide coherence, which served to strengthen coordination of United Nations operational activities at all levels. It also welcomed the measures adopted to coordinate the work of the resident coordinators, which would improve the compatibility of country programmes and assist in achieving the MDGs. His delegation was concerned, however, at the significant increase in administrative costs associated with various programmes and agencies and the fact that the standard assistance agreements were somewhat out of date and did not reflect current practices. Belarus also favoured the development of more programmes in the energy sector, particularly environmentally friendly forms of energy. He also urged United Nations funds and programmes to develop flexible assistance programmes tailored for middle-income countries.

The meeting rose at 6 p.m.